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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 004504

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STATE FOR EB A/S WAYNE AND DAS CONNELLY
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E.O. 12958: DECL: 12/13/2014
TAGS: [ETRD](#) [ECON](#) [PREL](#) [GCC](#) [TC](#)
SUBJECT: UAEG STRESSES COMMITMENT TO FTA

REF: MANAMA 1829

(U) CLASSIFIED BY AMBASSADOR MICHELE J. SISON FOR REASONS 1.4
(B AND D)

¶1. (C) Summary: Senior UAEG officials reiterated their commitment to negotiating an FTA with the U.S. in the wake of Saudi criticism of Bahrain for signing a FTA with the U.S. On December 11, UAE Minister of Information and MFA U/S both discussed the Saudi actions at the December 7 GCC ministerial, noting that the Saudis were already retaliating against Bahrain. They viewed the Saudi actions as counterproductive. MFA U/S Al-Noaimi emphasized the UAEG's desire to resolve this internal GCC crisis on a technical basis and not to "politicize" it. UAE Minister of Economy and Commerce also told Ambassador that the UAE had not (to that point) received any "direct" Saudi pressure to back away from negotiations. End Summary.

¶2. (C) In December 11 meetings with Ambassador and visiting NEA DAS Philo Dibble, UAE Minister of Information, Sheikh Abdullah bin Zayed Al-Nahyan and MFA U/S Abdullah Rashid Al-Noaimi both said that the UAE remained committed to negotiating a FTA with the U.S. Sheikh Abdullah emphasized that after the GCC ministerial in Bahrain, the UAE had contacted other GCC countries and neither the Saudis nor the rest of the GCC were likely to change their positions.

¶3. (C) Both Sheikh Abdullah and Al-Noaimi raised the recent GCC ministerial in Bahrain where, they said, the Saudis had raised significant concerns about the Bahraini FTA with the U.S. Al-Noaimi described the incident as a "major issue" for the GCC, explaining that the Saudis had threatened to "reconsider" the entire GCC economic set up. Sheikh

Abdullah stated that the Saudis had banned some goods trade (including sand) with the Bahrainis, as well as causing problems with "a shared oil field." He speculated that that Saudi concerns over the Bahrain FTA -- and other GCC nations following suit -- could cause the cancellation of the upcoming GCC summit or turn it into a purely ceremonial event.

¶4. (C) Al-Noaimi explained that the Saudis were concerned about the precedent of the Bahrain FTA. They saw their power and influence "slipping away" and want to hold on to their influence and status. He added that the UAE and the Saudis needed to look for a new basis for a relationship, where the Saudis didn't see "everyone as a rival." Sheikh Abdullah speculated that the Saudi intransigence on the issue might be their way to deflect attention from their problem with extremists. He added that the Saudis had essentially offered three options for countries that wanted to negotiate bilateral FTAs: A) sign the FTA and delay implementation until every GCC country signs on; B) negotiate a multilateral FTA; or C) "do whatever you want with the Americans" and take the consequences. He added that he thought the Saudi action was counterproductive, because it was encouraging countries like Bahrain and the UAE to pursue bilateral FTAs -- if only to resist Saudi pressure.

¶5. (C) Sheikh Abdullah accused the Saudis of slowing the GCC - EU FTA negotiations. Al-Noaimi, on the other hand, acknowledged that 16 years of negotiations had not been successful, but blamed the EU for not being serious enough and for having a broader agenda than free trade. The EU, he said, wanted the GCC to develop into a real economic unit, noting that the EU had insisted that the GCC create a customs union. He added that it is difficult to negotiate with 25 countries and added the negotiations are not moving so "why negotiate."

¶6. (C) Al-Noaimi stated that the issue of Saudi intransigence on FTAs was a GCC internal issue. He stated that the UAE wanted to develop technical solutions to reconciling the GCC customs Union with bilateral FTAs and avoid politicizing the matter. He cited as an example, how to ensure that General Motors can ship goods from Bahrain to Saudi Arabia, without the Saudis complaining that the goods are entering duty free. He added that the UAE was drawing on its own experience as a federation in balancing the interests of individual emirates with the interest of the federation as a whole. He emphasized that the UAE didn't want the group interest to harm the interest of an individual country or visa versa.

¶7. (C) In December 8 and 12 conversations, UAE Minister of Economy and Planning had told Ambassador that the UAE remained committed to negotiating a FTA with the U.S. and had not come under and "direct" Saudi pressure to back away from negotiations. Sheikha Lubna also referred to a December 8 press interview with former UAE Minister of Communication Ahmed Humaid Al-Tayer urging the UAEG to negotiate an FTA with the U.S. only as part of a collective GCC effort. Sheikha Lubna stated that Al-Tayer had ties to UAE merchant families and was reflecting their concerns (especially concerns about their exclusive agency rights). She emphasized that private citizens such as Al-Tayer were entitled to express their opinion, adding that the UAEG would not be publishing a response. Ambassador emphasized the USG's commitment to creating a Middle East Free Trade Area as a means of securing economic growth and stability for the entire region.

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